British Columbia and Europe:

TOWARDS 1992

Ministry of International Business
and Immigration
Province of British Columbia
Canada
Elwood N. Veitch, Minister

92-00545/

MESSAGE FROM THE MINISTER

British Columbia's ties to Europe are both cultural and economic. We have consistently maintained a balanced trading pattern, one in which the European market plays an important role.

International trade and investment are vital to the British Columbia economy. The Provincial Government, through my Ministry, vigorously promotes trade with all parts of the world. We have been successful in diversifying our economy, expanding trade with the Pacific Rim, the U.S.A., and Europe. Current exports to Europe are 16% of our $18 billion total exports, one of the highest percentages of any province in Canada.

This discussion document has been produced because the European Community's 1992 initiative -- the Single Market -- will have an impact on British Columbia. It presents many challenges, but it also offers a new world of opportunity for our business.

I welcome your comments on this document.

Elwood N. Veitch
Minister of International Business
and Immigration

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INTRODUCTION

With an internal market of almost 325 million people, the European Community (EC) cannot help but command the attention of British Columbians. However, as a result of a series of consultations between the British Columbia Ministry of International Business and Immigration and the private sector in this province, it has become clear that many businesses in British Columbia are not aware of the significance or the extent of the EC's 1992 Single Market Initiative. It has also become clear that such knowledge will be an important factor in determining British Columbia's future export success in the European Community.

This document, therefore, is designed to stimulate discussion about the European Community's 1992 Initiative. It examines the current nature of British Columbia's relationship with the EC and sets out, in some detail, the nature of our trade, investment, immigration and tourism links with the Community. It also outlines, in a very preliminary manner, some of the possible sectoral impacts of the 1992 Initiative and highlights some of the problems British Columbia exporters may encounter with respect to EC tariff, non-tariff measures, and standards questions.

This document also briefly examines some of the options available to the provincial government as it attempts to grapple with the question of how best to prepare British Columbia firms for 1992. Quite clearly, there are a number of knowledgeable British Columbians who do know how to compete successfully in the markets of Western Europe. The challenge for the Ministry is to tap into this expertise and utilize it for the benefit of all British Columbians. I hope this document will help clarify how we, together, can best meet this challenge.

THE EUROPEAN COMMUNITY AND 1992

The European Community (EC), consists of twelve member states: Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, the United Kingdom, and West Germany. Together, these countries represent a market of almost 325 million consumers with a gross annual product of $4 trillion.

The term **"1992"** refers to a revitalized program, launched in 1985, to complete what the European Community first began in 1958: the creation of a common internal market with complete freedom of movement for goods, services, people, and capital.

FREE MOVEMENT OF GOODS

Goods will move freely throughout the post-1992 Community, without delay from such internal barriers as fiscal and administrative constraints, or time consuming frontier paperwork.

Producers will have access to a genuine market of 325 million consumers. The harmonization or mutual acceptance of technical standards and production techniques will result in the elimination of a wide variety of technical barriers to trade. Economies of scale will permit manufacturers to spend more aggressively with regards to research and development and to offer consumers a wider variety of competitively priced goods.

FREE MOVEMENT OF SERVICES

Companies will be able to offer their services throughout the Community, while consumers will be free to choose from a wider variety of service providers.

Airlines will be able to operate to a wider variety of destinations. Fares will be lower, services will improve and safety standards will be of the highest calibre.

Road transport will be re-organized to allow for a more rational use of the Community's fleet of trucks. There will be less paperwork, lower costs, more competition and increased safety.

The introduction of improved technology, springing from an increased investment in R&D and better utilization of the results of scientific research, will have a profound effect on many of the Community's services industries.

Telecommunication products and services, based on the latest technology, will become more highly diversified, and a broader range of services will be made available to consumers.

With the removal of internal barriers between member countries, European television will be able to offer a larger number of channels, programmes and services.

FREE MOVEMENT OF PERSONS

European Community nationals and foreign tourists will no longer be subject to checks at the frontiers between the member states. On the contrary, they will be able to move freely within the Community. Increased cooperation between the various government departments responsible for dealing with drug trafficking and terrorism will help make this possible.

Students will be free to choose their university and will be able to study in more than one member state. Their degrees and diplomas will be recognized throughout the Community.

Workers, employees and the self-employed;

mechanics and accountants; teachers and researchers; doctors and architects - will all be able to work in the Member state of their choice, under the same terms and conditions as nationals of the country in question.

FREE MOVEMENT OF CAPITAL

Pending the acceptance of a common currency unit (the ecu), the Community's citizens will be able to travel throughout the Community using the currency of their choice, without encountering restrictions.

Individuals as well as companies will be able to transfer funds freely between all the member states. People will be free to bank or invest wherever they like within the Community.

The liberalization of capital movements and financial services will make possible a greater freedom of choice in the fields of banking, savings and investments, mortgages, leasing and insurance.

CONCLUSION

The 1992 program offers the Province of British Columbia a unique opportunity to expand its trade with the European Community because as the costs of European-produced goods and services fall (as a result of increased competition and de-regulation) there will be larger disposable incomes and a greater demand for imported goods and services among Europeans. While it is important to recognize and take advantage of the opportunities arising from the 1992 initiative, we must also remember that "1992" is designed primarily to benefit the Community, itself, and not external trading partners, like Canada or the United States.

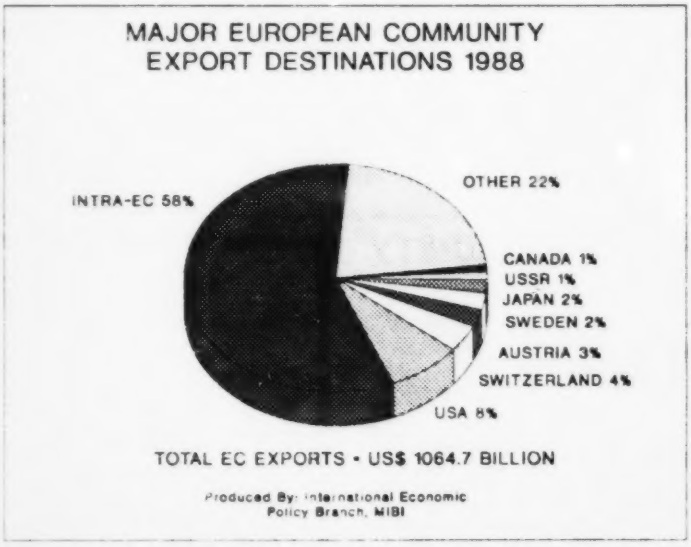
EUROPEAN COMMUNITY

1988	POP Millions	GDP CDN $ (billions)
France	55.87	676
W. Germany	61.20	1193
Belgium/Lux	10.30	133
United Kingdom	57.08	868
Ireland	3.54	18
Denmark	5.13	80
Greece	10.01	5
Italy	57.44	436
Netherlands	14.76	234
Spain	39.05	197
Portugal	10.41	7
Total	324.78	3847

EUROPEAN COMMUNITY TRADE

The European Community prides itself on being the world's largest single trading entity, accounting for almost one fifth of the world's trade. Even when trade among its member states is excluded, the EC still accounts for 16% of the world's total trade. The EC is also the world's largest exporter, and ranks second only to the U.S. in total imports.

Under the (1957) Treaty of Rome, association with the Community is open to all countries. In fact, the Community has association and preferential access agreements with a number of countries:



EFTA: As a result of a series of free trade agreements between the community and its neighbours who banded together as the European Free Trade Association (EFTA), industrial goods are traded duty free between the 12 EC members and Austria, Finland, Iceland, Norway, Sweden and Switzerland.

LOME: The Community also has an agreement with 68 developing countries in the Africa, Caribbean, and Pacific regions, called the ACP countries. The Lome Convention gives the ACP countries duty free access to the Community for over 99% of their exports, without imposing the reciprocal obligation of duty free treatment for EC products entering ACP countries. Certain ACP country products which compete directly with Community agricultural products, such as sugar, are given preferential access treatment but not duty free status.

ASSOCIATE MEMBERS:
Turkey is an associate member and its agreement with the EC provides, ultimately, for full membership.

Malta and Cyprus, in turn, have association agreements which provide for a customs union with the EC.

The EC has co-operation agreements with **Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon and Syria** which provide for duty free access to the EC market for industrial goods, and preferential treatment for certain agricultural products. An agreement with **Israel** also provides for an area of free trade and co-operation.

Austria has formally applied for membership in the EC. However, the twelve EC governments wish to finish their own transition to a single market by the end of 1992, before considering a further enlargement of the Community.

In addition to these major agreements between certain geographical areas and the EC, there are a large number of primary commodity agreements designed to stabilize commodity markets as well as several sector-specific agreements on such items as textiles and fisheries.

The European Community's largest external trading partner is the United States (which is responsible for accepting approximately 8% of the Community's total external exports). Other important trading partners include the EFTA countries of Switzerland, Austria and Sweden, as well as the Pacific Rim nation of Japan.

The bulk of the Community's exports are accounted for by machinery and transportation equipment, chemicals and food products. The majority of its imports are accounted for by energy products, food and raw materials, although there is also a large inflow into the Community of machinery and transportation equipment from abroad.

CANADA'S RELATIONSHIP WITH THE EUROPEAN COMMUNITY

Trade:

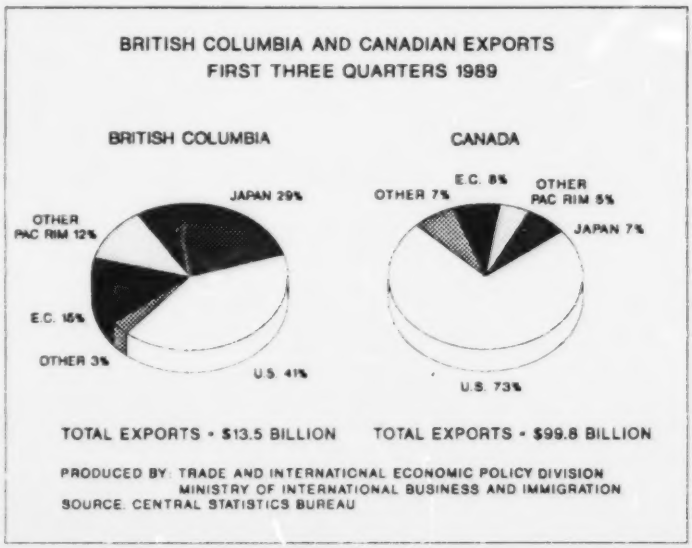
The European Community is Canada's second largest export market after the United States (accounting for $10.7 billion or approximately 8% of Canada's total exports in 1988). By comparison, Canada is only the Community's seventh largest export destination (accounting for $16.0 billion or about 1% of total EC exports).

Not surprisingly, natural resource products such as wood pulp, softwood lumber, iron ore and newsprint dominate Canada's export profile to the EC. Projections for the full year 1989 indicate that Canadian exports to the EC will reach approximately $11.0 billion (a modest increase of 3% over last year's figures).

Major EC exports to Canada include petroleum oils, aircraft, motor vehicles including parts, and alcoholic beverages. In 1988, EC exports to Canada reached $16.0 billion and projections for the full year 1989 indicate total Community exports to Canada may only reach $15.1 billion.

In addition to sending a much greater percentage of its exports to Canada in the form of value-added products, the Community also enjoys a persistent surplus in its trade with Canada. That surplus reached $5.3 billion in 1988 but will likely drop to less than $4 billion for the full year 1989.

The most important Canadian export markets in the European Community are the UK, West Germany, and Italy. In terms of import penetration in Canada, the leading European Community exporters to Canada are the United Kingdom, West Germany, France and Italy



Investment:

The European Community is also a major investor in Canada. By 1988, the cumulative value of EC foreign direct investment in Canada had exceeded $23 billion.

Almost 90% of Canada's non-U.S. foreign direct investment originates in Western Europe. Between 1980 and 1986, the EC's share of foreign direct investment in Canada increased from 15% to 18%, while U.S. investment decreased from nearly 80% to 73%.

Traditionally, the UK, West Germany, the Netherlands, and France have been Canada's biggest European investors. The United Kingdom alone accounts for over half of all European Community investment in Canada.

Between 1980 and 1986, the flow of Canadian foreign direct investment into the European Community was quite volatile. From a peak of $2.5 billion in 1981, the annual flow of Canadian foreign direct investment in to the Community fell to a low of less than $250 million in 1986, before rebounding to $1.7 billion in 1988.

The total stock of Canadian foreign direct investment in the EC is only about $8.5 billion or 13.3% of our global total (compared, for example, with the 71.2% of that total which flows into the United States). The UK, West Germany, and the Netherlands are clearly preferred sites for Canadian direct investment in Europe. In fact, the 12.4% of total Canadian foreign direct investment that flowed into the UK in 1988, exceeded the flow of Canadian funds into West Germany, the Netherlands, France and Italy combined.

Immigration:

Western Europe has long been a major source of new immigrants to Canada. Over the last few years, however, Europe has been superseded as a source of immigrants by the countries of Asia and the Pacific. In 1971, for example, the United Kingdom and other European countries accounted for 42.7% of total Canadian immigrants. By 1988, this total had fallen to 25%, while the flow of new immigrants from Asia increased from 18.2% to 50.1% over the same period of time.

The fall-off in Western European emigration to Canada is the result of two basic demographic and economic influences. One, the population growth rate in Western Europe is much lower than in Asia, Africa, and Latin America. As a result, the countries of Western Europe generate a much smaller pool of potential immigrants than the rest of the world. Two, the economies of Western Europe are much more mature than the economies of Asia, Africa, and Latin America. As a result, they are able to provide their citizens with a much higher standard of living and, therefore, reduce the economic impetus to emigration.

Tourism:

Canada and the European Community have had a long and profitable tourism relationship. Each year more than 1.7 million Western European tourists arrive in Canada and spend in excess of $1.5 billion. Similarly, over 1.4 million Canadian tourists travel to Western Europe each year and spend approximately $1.5 billion.

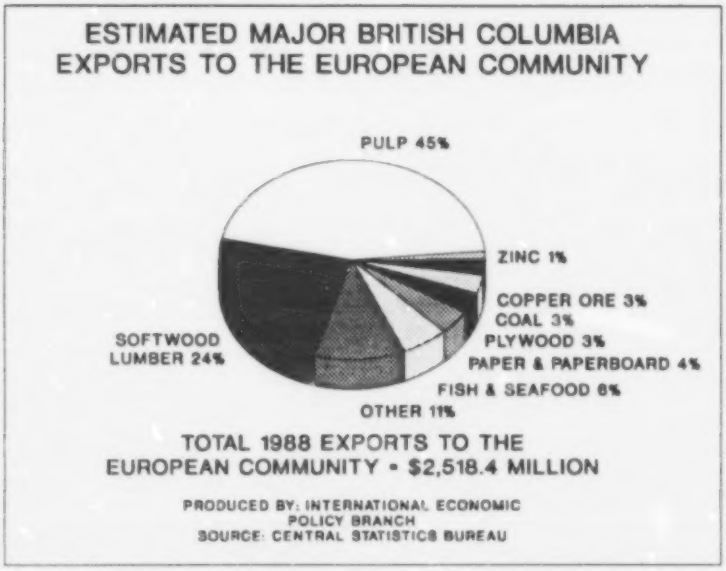
The bulk of Canada's European tourists come from the United Kingdom, West Germany, and the Netherlands. Not surprisingly, these are the same countries visited by the bulk of Canadian tourists in Europe.

BRITISH COLUMBIA'S RELATIONSHIP WITH THE EUROPEAN COMMUNITY

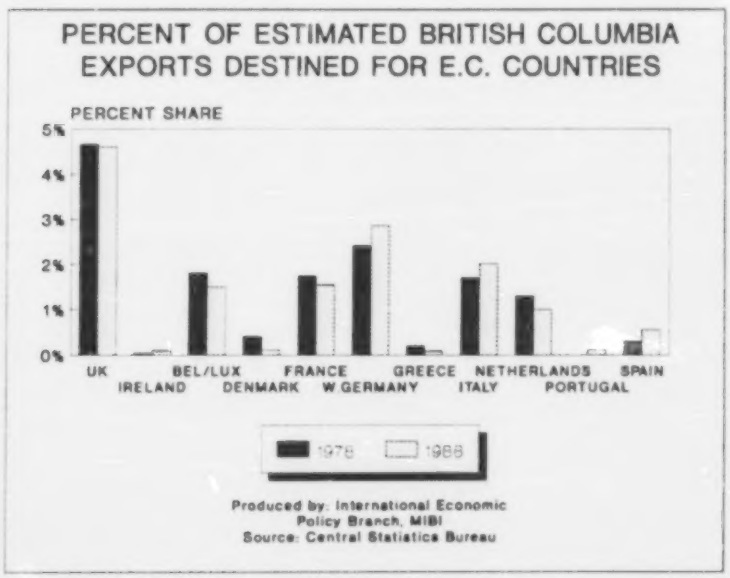
Trade:

The European Community is British Columbia's third largest export market after the United States and Japan. In 1988, the European Community accounted for $2.5 billion worth of British Columbia exports (or about 15% of total provincial exports). The United Kingdom is British Columbia's largest European export market (taking $804 million worth of B.C. exports in 1988), followed by West Germany ($491 million), and Italy ($353 million).

Natural resource-based products dominate British Columbia's export profile to the EC.


ESTIMATED MAJOR BRITISH COLUMBIA EXPORTS TO THE EUROPEAN COMMUNITY
PULP 45%
ZINC 1%
COPPER ORE 3%
COAL 3%
PLYWOOD 3%
PAPER & PAPERBOARD 4%
FISH & SEAFOOD 6%
OTHER 11%
SOFTWOOD LUMBER 24%
TOTAL 1988 EXPORTS TO THE EUROPEAN COMMUNITY = $2,518.4 MILLION
PRODUCED BY: INTERNATIONAL ECONOMIC POLICY BRANCH
SOURCE: CENTRAL STATISTICS BUREAU

Leading British Columbia exports to the Community include wood pulp, softwood lumber, plywood, kraft paper, paperboard, and fish products. Almost half of the province's total exports to the EC are accounted for by wood pulp.



By comparison, higher value-added manufactured products account for less than 2.0% of total British Columbian exports to the Community. In fact, British Columbia's exports to the European Community of value-added manufactured products are only slightly larger in dollar values than the province's exports of these same products to Australia.

Major European Community exports to British Columbia include automobiles, aircraft, machinery and equipment,

wine, furniture, processed foods, textiles and clothing.

Interestingly enough, despite its distance from the market, British Columbia accounts for approximately 23% of total Canadian exports to the European Community.

Investment:

The EC is an important investor in British Columbia, second only to the United States as a source of foreign direct investment. Major sources of European Community investment in British Columbia are the United Kingdom, West Germany, France and the Netherlands.

Generally speaking, European Community investments in British Columbia tend to flow into the wholesale trade, manufacturing, business services, and real estate sectors.

Immigration:

Although traditionally a major source of new immigrants to British Columbia, the European Community has been declining in importance over the last two decades. In 1971, for example, the United Kingdom provided 36.6% of British Columbia's new immigrants (with another 38.1% coming from the rest of Europe).

By comparison, in 1986, only 26.1% of British Columbia's total immigrant population came from the UK (and 31.5% from the rest of Europe).

By 1988, the proportion of European immigrants to the total intake of immigrants into British Columbia had fallen even further to 17%.

The main factors behind this decline are lower birthrates in Europe, improved European living standards, and a large increase in the number of Asian immigrants to British Columbia.

Tourism:

The European Community is a particularly important source of tourists for British Columbia. In 1988, over 240,000 European tourists arrived in British Columbia (with over 83% of those coming from the member countries of the European Community). In all, European Community tourists accounted for 34% of total tourist arrivals in British Columbia.

By country, the United Kingdom is British Columbia's largest source of European tourists (accounting for almost 40% of total European arrivals), followed by West Germany (27%), and the Netherlands (7%).

HOW 1992 IS GOING TO IMPACT ON BRITISH COLUMBIA

Potential Benefits:

In two words, the benefits to British Columbia of the 1992 initiative can be summed up as **"increased competitiveness"**.

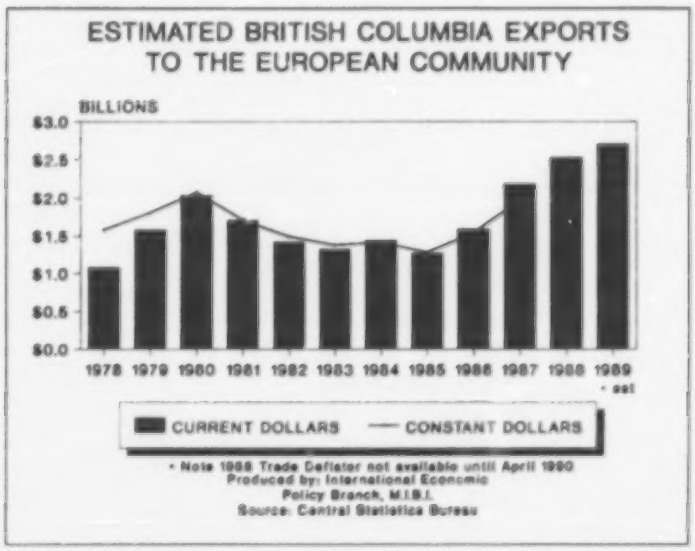
Just as the Canada-U.S. Free Trade Agreement (FTA) will help British Columbia businesses become more competitive by guaranteeing access to the U.S. market, so too will unfettered access to an integrated European market help increase the international competitiveness of British Columbia products and services.

As European non-tariff barriers are standardized and harmonized, the external barriers to trade should also fall below current levels. Whether this scenario actually comes to pass, however, remains to be seen, since the majority of the Community's most controversial 1992 directives concerning non-tariff barriers have yet to be passed.

Potential Downsides:

British Columbia has a number of emerging infant industries, particularly in the re-manufactured and value-added sectors. These industries, which are striving to establish themselves as viable operations in the North American market will, in the post-1992 era, face intense competition in both their domestic and export markets from long established and well financed European multi-national firms. It is also unclear whether or not the formation of Euro-standards will turn out to be another form of trade barrier. Many standards appear to be designed primarily to exclude foreign competition rather than to protect the Community's internal environment or the safety of its citizens.

However, it is important to note that new, higher Euro-standards may not, necessarily, have a detrimental effect on British Columbia, because many British Columbia products already exceed the existing European standards.



For example, British Columbia plywood producers have historically maintained their market share in the EC because of the higher quality of British Columbia plywood. The EC currently imports 78% of British Columbia's total plywood exports, valued in 1988 at $86 million, and, as such, represents our largest single offshore market for plywood.

On the other hand, a lowering of the existing European standards may have a negative impact on British Columbia. The Council of Forest Industries of British Columbia (COFI), for example, has indicated that lower European standards for plywood would allow other inferior

grades of plywood, such as the CDX grade from the United States, to compete with the higher quality British Columbia grades.

The European Commission has at various times made reference to the use of reciprocity as a condition for access to the European Community market. Concern has been expressed as to how this reciprocity provision would actually be applied by the Commission. Suggestions have been made that reciprocity could mean making access to the huge European consumer market contingent upon increased European access to the natural resources of countries such as Canada.

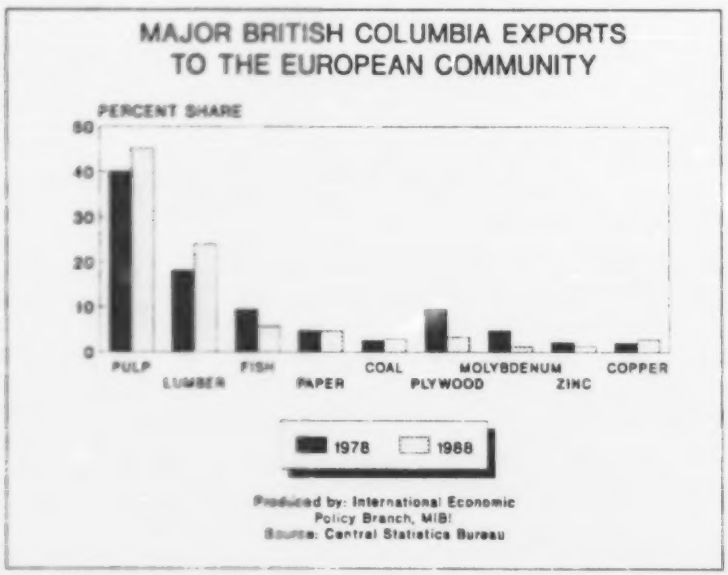
Alternatively, reciprocity could be defined as equal market shares. Either definition would clearly be unacceptable to British Columbia.

Potential Impact on British Columbia's Major EC Exports:

Forestry:

British Columbia forestry exports accounted for 78% ($1.96 billion) of total British Columbia exports to the European Community in 1988.

British Columbia, alone, accounted for 60% of total Canadian forestry exports to the Community in 1988.



Wood pulp, British Columbia's largest commodity export to the Community, was valued at $1.15 billion or 46% of total British Columbia exports to the Community in 1988.

Recently, there have been suggestions that new lower Community standards for furan and dioxin levels in bleached wood pulp may be enacted. These new measures would be very beneficial to those European Free Trade Area (EFTA) countries which use an oxygen bleaching technique rather than the chlorine bleaching method currently used by the majority of British Columbia mills.

Lumber exports from British Columbia to the Community in 1988 were valued at $586 million (or 23% of total British Columbia exports of this product).

While many of the Community's wood product structural standards have already been passed, it is still possible that stronger structural strength requirements will be enacted. This could result in laminated beams being required for certain spans. Again, this would favour the EFTA nations which manufacture most of the laminated lumber in Europe.

All five British Columbia lumber grading agencies have recently received accreditation approval under British standards for exports to the U.K. Accreditation will be officially conferred on June 1, 1990. Accreditation in

the U.K. is an important first step in securing further access to EC countries under the developing standards for 1992.

The more "value-added" end of British Columbia's forest product exports to Europe include: plywood ($86 million in 1988); uncoated kraft paper and paperboard ($85 million in 1988); newsprint ($22 million) and builders' joinery ($6.2 million in 1988).

Many of these products are still subject to a large number of European non-tariff barriers. Quotas on plywood imports, water marking requirements on newsprint, kiln drying and phytosanitary standards for green lumber are all examples of measures which severely limit British Columbia export growth, in these products, to the EC.

Mining:

Mining constitutes the second largest sector in terms of 1988 British Columbia exports to the European Community with a total export value of $275 million (representing 11% of total British Columbia exports to the EC).

Exports to the Community in this sector are primarily in an unprocessed or semi-processed form. In addition, such major resource exports as coal must compete with the highly subsidized domestic coal industry in Germany. Other EC barriers such as high tariffs on molybdenum products may also be preventing the development of further value-added processing facilities in the Province.

Fisheries:

Fish and seafood exports accounted for 5.8% of total 1988 British Columbia exports to the Community and were valued at $146 million.

Again, there are a large number of tariff and non-tariff barriers facing this industry. High EC tariffs on smoked salmon (13%), phytosanitary standards regarding the level of antibiotic residues in farmed fish and regulations on the use of growth hormones, as well as quotas on ground fish imports are only a few of the examples which restrict British Columbia's fish exports to the Community.

The European Community is British Columbia's largest market for canned salmon, consuming $76 million or 61% of British Columbia's total canned salmon exports.

There are, however, a significant number of European market opportunities which may arise if the Community's barriers relating to fisheries imports are liberalized. Examples include:

- the creation of a commercial squid fishery in British Columbia and a European market for value-added hake fillets, both of which are currently under-utilized species;
- improved sales of molluscs (goose-necked barnacles, which are an under-utilized species), and farmed oysters; and
- value-added sales of processed British Columbia fish products (i.e., salmon fillets in dill sauce, etc.).

While wild salmon stocks have been severely depleted along the European coast and trade restrictive measures in this commodity are considered unlikely, canned, smoked, and farmed fish are still very susceptible to the imposition of new barriers.

Agriculture:

British Columbia agricultural products destined for the Community in 1988 were valued at $52 million and accounted for 2% of total British Columbia exports to the EC.

Export growth in this sector is limited primarily by the existence of the Community's Common Agricultural Policy (CAP) and Canada's own supply management system for agriculture. In spite of the large number of non-tariff barriers arising out of the CAP, British Columbia farmers still manage to export a significant volume of agricultural products to Europe. Often, however, access for these products is limited by quotas (i.e., apples) and very high tariffs (i.e., 23% for sour cherries).

The development of Community-wide standards may eventually have a positive impact on British Columbia manufactured food exports since many British Columbia producers target a niche market and produce a very high quality product which already meets the most rigorous of European standards. Having to meet only one post-1992 Community-wide standard may, therefore, be infinitely easier than having to meet the existing twelve separate standards.

THE RESPONSE OF THE FEDERAL GOVERNMENT

The federal government has primarily focused its 1992 efforts on an information campaign. The centrepiece of that campaign is a thorough study, entitled 1992 Implications of a Single European Market, which is being sponsored by External Affairs and International Trade Canada (EAITC). The first phase of the study, entitled Effects on Europe, was launched at an April 1989 conference in Toronto, Ontario. The second phase, now underway, includes the production of 12 industry sector analyses of trends, export impacts, competition, investment implications and technology acquisition opportunities. These industry sector analyses include:

- o agriculture and food products
- o consumer goods and cultural industries
- o telecommunications and computer-based industries
- o automotive
- o forest products
- o defence, aerospace and transportation
- o minerals and metals
- o specialty chemical products, new materials, pharmaceuticals and biotechnology
- o industrial products and services
- o financial services
- o fisheries products
- o professional consulting services.

For each sector, a working group of specialists from the federal department of Industry, Science and Technology Canada (ISTC) and other relevant federal government departments has been formed to provide detailed analysis of the impact of 1992 on Canada.

As these industry sector analyses become public, EAITC plans to hold a series of conferences across Canada. The first, in fact, was held on April 10, 1989 in Toronto, the second in Montreal in December, 1989, and the third in Vancouver on February 26, 1990.

Under the "Europe 1992" pillar of its "Going Global Strategy", the federal government has also launched the following European trade initiatives:

- o the creation of an on-line computer-based information service;
- o the organization of ten technology missions to Europe and five studies of European niche technology;
- o the encouragement of increased participation in European trade fairs;
- o the expansion of the NEXOS (New Exporters to Overseas Markets) program to include at least eight missions a year to Europe with 15 to 20 exporters who are new to the European market; and
- o the establishment of a Science and Technology Strategy for better access to European technology.

BRITISH COLUMBIA'S RESPONSE TO DATE

The provincial government, in turn, has undertaken a number of initiatives with respect to the 1992 project.

In December 1988, the Ministry of International Business and Immigration released a study, entitled The Uruguay Round of Multilateral Negotiations: British Columbia Consultations with the Private Sector, which also addressed the level of private sector knowledge about the EC's plans to establish a single internal market by the end of 1992.

The report revealed that most B.C. companies are not well informed about, or prepared to react to, the 1992 Initiative. The report also recommended that the provincial government should assist industries, which do not already have a substantial 1992 information programme, to become more informed about the European Community's 1992 project as well as its implications for the British Columbia economy.

The Ministry has, therefore, begun to monitor and analyze the events, issues and policies now unfolding in Europe.

In addition, the Honourable Elwood N. Veitch, Minister of International Business and Immigration has visited Western Europe and met with a number of EC officials and representatives to discuss the Community's goal of economic integration. The Ministry of International Business and Immigration has also sponsored a Vancouver Conference on 1992 in conjunction with the federal government and the B.C. Business Council.

Finally, the Minister of International Business and Immigration, the Honourable Elwood N. Veitch has announced the formation of a private sector committee which will advise him on trade matters relating to the European Community's plans to establish a single internal market, and to advise him on how he can best communicate information on the opportunities and challenges of the 1992 initiative to the province's business community.

MINISTER'S EUROPEAN COMMUNITY ADVISORY COMMITTEE

TERMS OF REFERENCE

1) Objectives:

The Committee will focus its attention on 1992 trade policy issues rather than on European trade promotion issues. Furthermore, one of the British Columbia Trade Development Corporation's Board of Directors will sit as a member of the Committee to provide advice on issues relating to the BCTDC's mandate and activities.

To ensure that it maintains its focus on 1992 issues, the Committee will confine its attention to government-created trade barriers, not market-created barriers. If a specific marketing issue arises, the Committee will advise the Minister that the BCTDC (and its Board of Directors) should address that particular issue.

The Committee will be designed to provide a healthy cross-flow of information:

- from the Minister to the private sector about the opportunities and challenges of the Single Internal Market, about the changes taking place in Europe, and about specific EC decisions, and their potential implications for the province's business community; and
- from B.C. businesses to the Minister in order to help the provincial government understand the private sector's concerns and perceptions regarding the opportunities and challenges presented by the 1992 Initiative. Such advice will assist the provincial government in tailoring its information program to meet the needs of the private sector.

The Committee might, therefore, best be described as advising the business community on behalf of the Ministry, on the one hand, and advising the Minister on behalf of the business community on the other. This co-operative approach will help decentralize, somewhat, the process of providing information on 1992, and identifying specific sector/industry issues that should be addressed.

2) Mandate:

Initially, the Committee will focus its attention on the trade-related aspects of the EC's drive to establish a single internal market. At a later date, the mandate may be expanded to include investment, tourism and immigration issues.

With this in mind, a sunset clause has been included in the Committee's mandate terminating the Committee's length of term as of December 31, 1992.

However, because it is not clear whether all of the EC's directives and plans will be fully implemented by the end of 1992, this sunset provision does not preclude the Minister from extending the term of the Committee should he so desire.

In order to determine which sectors the Committee should address, the Minister will first recommend certain sectors to the Committee. Members of the Committee will consult with the business community and return to advise the Minister as to whether or not those sectors are appropriate for in-depth study.

The Committee, with the assistance of the provincial government will develop an accurate assessment of the implications of the EC's Single Internal Market Initiative for British Columbia businesses. This assessment will then be conveyed to British Columbia businesses and their responses to the assessment communicated back to the Minister via the Committee.

In conjunction with the provincial government, the Committee will also help to develop appropriate and effective strategies for British Columbia businesses seeking to capitalize on the

opportunities arising from the 1992 project and advise the government on how to best communicate those strategies to the business community.

To summarize, by helping communicate information and strategic planning advice from the government, the Committee will ensure that British Columbia businesses understand:

- o the changing nature of British Columbia's trade with the EC;
- o the current EC business environment;
- o the implications of 1992 for their firm; and
- o how to take advantage of the opportunities created by the 1992 Initiative and how to respond to any challenges that may arise as a result of that initiative.

By relaying information from the business community to the Minister, the Committee will also ensure that the private sector's priorities and concerns are heard by the government and that meaningful strategic planning advice is made available to all interested companies in the province.

3) Composition:

The Honourable Elwood N. Veitch, Minister of International Business and Immigration, will be the chairman of the Committee.

Most of the members of the Committee will represent small and medium-sized companies in the province. But there will also be representation from some of the province's larger companies in recognition of their current dominance of British Columbia-E.C. trade. Both the resource-based sectors as well as the emerging and value-added sectors will also be represented on the Committee.